



ROBERT L. EHRlich, JR.
GOVERNOR

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TTY USERS CALL VIA MD RELAY

May 21, 2003

The Honorable Michael E. Busch
Speaker of the House
State House
Annapolis MD 21401

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, today I have vetoed House Bill 1001 - *State Boat Act- Excise Tax*.

House Bill 1001 attempts to enable a nonresident who buys a boat from a licensed dealer in Maryland to remain in the State for 90 consecutive days before being required to pay the boat excise tax. The bill also expands the exemption from the vessel excise tax to include a business that buys a boat for charter, rental, or lease purposes.

Currently, businesses are exempt from the excise tax if they purchase a boat for resale. The purpose of the legislation is to help businesses that purchase boats for charter, rental, or lease purposes by extending the exemption to these businesses. Further, the bill attempts to keep nonresidents in Maryland after they buy a boat without having to pay the excise tax. Under current law, nonresidents have 30 days to stay in the State before they must pay the tax. The ultimate goal is to enable non-Marylanders to stay in the State and spend their dollars in Maryland for more than 30 days.

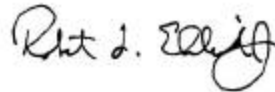
While the goals of this legislation are laudable, there is a technical error in the bill that prevents me from signing it. House Bill 1001 fails to define what a business is when it comes to chartering, renting, or leasing a boat. Without this definition, the \$25.9 million collected in fiscal year 2002 from the excise tax could be in jeopardy. For example, any person who buys a boat would be able to say he or she is going to charter, rent, or lease it and be exempt from paying the excise tax. This could result in the loss of millions of dollars in revenue to the State.

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I will work with the sponsor during the interim to develop legislation to achieve the goal of encouraging non-Marylanders to stay in our State and enjoy our multitude of tourist attractions.

For the above stated reasons, I have vetoed House Bill 1001.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. L. Ehrlich, Jr.", with a stylized, cursive script.

Robert L. Ehrlich, Jr.
Governor